

Analysis of BNSF Announced Rate Reductions on Westbound DETs and Shuttles (Effective August 1, 2006)

The BNSF announced that it is reducing the westbound shuttle DET (exploder) and shuttle wheat rates by \$100/car. The overall effect of the adjustment is to open up the differential between shuttle rates and all other Montana westbound wheat rate structures (single, 26-car and 52-car). While every farm producer welcomes a rate reduction, the widening of the shuttle/52-car differentials continues to be of concern when looking at the longevity of the 52-car system in Montana.

Montana, as of July 1, 2006, has both Domestic and Export wheat rate structures on westbound movements. The BNSF announced on April 18, 2006, effective July 1, 2006 it would once again separate the westbound (to PNW) wheat movements into Domestic and Export rate structures.

The BNSF has adjusted the single/26-car spread on Export rates by reducing all single car rates, effectively eliminating the spread between singles and 26-car on Export rates.

One can see from the graph below that the effect of the current reduction on shuttle rates increases the differentials.

On single and 26-car export movements, the differential spread has never been higher, and other than when the BNSF tried for a short time to make the 26 and 52-car rates identical – the 52-car spread has never been higher.

